

Comments on Draft 2007-2012 Strategic Plan

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The views expressed here are his own.

Introduction

While the Draft 2007-2012 Strategic Plan certainly identifies worthwhile goals, it currently lacks the specifics necessary for detailed comments. However, it appears that there are four things not mentioned in the Plan that could have a substantial effect on both pendency and the quality of issued patents:

- Change the examiner productivity measure.
- Charge for things that increase examiner workload.
- Provide an incentive for an applicant to submit pertinent prior art.
- Study alternatives to utility patents to reduce the number of applications being filed.

Change the examiner productivity measure

It is time for the USPTO to bring its current system for determining examiner performance into the 21st Century. There is no need to continue the current coarse-grained "count" system, which may have made sense when records were kept with paper and pencil, but has no justification now. It has been said that the measure determines the system, and that is certainly the case here.

It is not clear in the Plan what is meant by "Establish Flat Goal, Piecework and awards above 100 Percent. (PAT 8)" Hopefully, it is not to treat every application the same in the examiner performance measure, regardless of its length, number of claims, complexity, and submitted prior art.

The patent statutes already recognize that applications with more claims require more work, as do longer applications. That is why there is a surcharge added to the normal application fee for claims above three independent and twenty total claims, and for applications longer than 100 pages. But, while the Office collects additional revenue to support the additional work, it does not translate that into additional credit for the examiner performing that work on the particular application. The examiner receives the same credit for the disposal of a short application with few claims as for the applications with a large number of claims that the proposed rules try to address. That makes no sense.

Charge for things that increase examiner workload

At the same time it reforms its internal performance measuring system, the Office should ask Congress for authority to charge for other things within the control of an applicant that require additional examiner time, such as voluminous information disclosures that are more calculated to bury the examiner in hopes of a quick initialing of the sheet for a reference so that it can't be used in later litigation. The Office should even consider recommending to Congress surcharges for particular technologies, such as business method patents where the "second set of eyes" program has improved examination quality but at a clear increase in cost.

The USPTO already counts the number of pages for each document submitted by the applicant, as can be seen in the entries for the Image File Wrapper of an application. (The documents themselves are available to the examiner, but not on Public PAIR.) There is currently no fee to cover the scanning of the documents submitted by the applicant, although there is a fixed fee for late-submission of prior art. Having a per-page-submitted fee (perhaps when above some nominal count) would pay for both the examiner's time to review the submission and the costs to enter it into the IFW system.

The fee structure could also recognize that a document submitted late in the prosecution of the application may require more examiner time to analyze than one submitted with the application filing, and charge accordingly. The USPTO would be paid and the examiner credited for the time necessary to properly consider the new documents.

Provide an incentive for an applicant to submit pertinent prior art

For at least the three times in 2006, the USPTO has tried to impose a requirement for an applicant to characterize the prior art submitted along with an application for the examiner to consider and, in fact, argue why the invention as claimed is patentable in light of that prior art. Without some benefit to the applicant, this is a *very bad idea*.

If the only goal of a patent applicant were to secure a patent, there would be little reason to object to imposing a requirement for the applicant to characterize the prior art. But while that is the goal of the USPTO (along with, hopefully, rejecting applications that do not meet the requirements for a patent), that is not the case for the patent owner. An issued patent is simply a paper with a pretty ribbon if the rights that should go along with it cannot be economically enforced in court against infringers.

Describing a prior art reference by a patent applicant can only hurt the enforceability of the granted patent. If it overstates what a reference shows, not only will the examiner rely on that overstatement, but so will an alleged infringer when trying to show that the patent is invalid in view of the prior art. If it understates what the reference shows, the alleged infringer will claim that the patent is invalid because of "fraud on the patent office" (or the nicer way of saying that, "inequitable conduct"). The "fraud" may not even be relevant to the infringement, but simply a way that a true infringer can weasel out of liability.

To provide a substantial benefit to applicants who supply and describe the best prior art, and to warrant a surcharge to cover the time necessary for an examiner to review each prior art document submitted by an applicant and

comment for the file on how it relates to the patentability of the claimed invention, the USPTO should ask Congress or the courts to give deference only to the prior art considered by the examiner. Then, applicants will have not only an incentive to submit the most pertinent prior art (to get the heightened deference) but also a disincentive not to bury the examiner (because they will be paying for the volume they submit), at the same time the examiner is given the time to read and understand every document that the applicant submits.

Study alternatives to utility patents to reduce the number of applications being filed

There are a number of problems with the current utility patent system that will not be solved by the activities proposed in the Plan:

- Currently, it takes too long to get patent protection, particularly for fast-moving technologies that can be readily copied once they are being used. Even reducing pendency to a year would not be enough for technology that can be readily copied.
- Patent protection often goes beyond what is needed to prevent competitors from usurping new techniques, with protection lasting about two decades and blocking those who independently created the technology. This hurts the development of improvements to the technology.
- Because of the requirement for nonobviousness, it should be difficult to get a patent, but the limited examination dictated by current application fees often doesn't give the examiner time to find and consider important prior art. But as discussed below, increasing fees to cover the cost of a more extensive examination will result in fewer filings, hurting the patent prior art collection.
- No other form of intellectual property protection (copyright, trade secret) is available to protect a new computer technique or method of doing business.

The solution to these problems is not fine-tuning the current patent procedures. Instead, a new intermediate form of protection is needed that can be used in lieu of a patent, or until a patent is granted.

A number of countries have a "petty patent" or "utility model" of intermediate protection. But those laws or proposals are generally limited to protecting mechanical devices and other manufactured items. They do little or nothing to protect software-based inventions, methods of doing business, or other processes, areas where an intermediate form of protection may be the most useful and which are currently putting a high demand on the USPTO.

One problem not discussed by the advocates of better examination for regular patents is the effect on fees. A better examination will necessitate an increase in fees, perhaps a substantial one, to pay for the increased time spent by the examiner reviewing prior art and addressing the arguments of the applicant, as well as a "second pair of eyes" review as is now the case for business method patents, if that idea were extended to other arts. But even though patent application fees are a small part of the cost of filing for a patent, any substantial increase will likely lead to a reduction in patent filings, especially by cash-strapped small companies and inventors.

We saw the effect of discouraging the filing of applications when the USPTO's policy was not to grant patents on software-based inventions, or at least make it difficult for applicants to get such a patent. Software developers didn't file applications on their advances because they didn't believe that patent protection was available, resulting in a gap in the USPTO's prior art collection corresponding to the formative years of software systems and a stretching of copyright protection by the courts to fill the gap left by not having patent protection available. We are still paying for that gap in the prior art collection in terms of patents being issued on old techniques, and we cannot afford to have that happen again.

An intermediate form of patent protection would allow substantially strengthening of the conditions for getting a regular patent. Instead of a single examiner spending about twenty hours on an application, an increase in application fees by a factor of twenty could pay for a team of examiners, led by a senior examiner, spending on the order of 400 hours searching prior art and assessing the obviousness of an invention. Such a fee increase could also reduce the workload on the patent office since many inventors might opt for the lower-cost, and immediate, protection of the limited patent and not go for a full patent.

My proposal for such protection can be found at <http://digital-law-online.info/papers/lah/mini-patent.htm>.